



Hamilton Square 600 14th Street NW Suite 750 Washington, DC 20005
W > www.covad.com

T > 202.220.0400
F > 202.220.0401

October 11, 2000

Via hand delivery

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

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OCT 11 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 00-176

Dear Ms. Salas:

On October 11, 2000, Jason Oxman, Tony Petrilla, and Valerie Evans met with the following members of the Policy and Program Planning Division of the Common Carrier Bureau to discuss Verizon's 271 application for Massachusetts: Ben Childers, Christopher Libertelli, Kathy Farroba, Eric Einhorn, Daniel Shiman, and Michael Jacobs. Also present were Praveen Goyal of the Accounting Policy Division, and Renee Terry and Jennifer McKee of the Competitive Pricing Division. The purpose of the meeting was to discuss Covad's opposition to granting 271 authority to Verizon in Massachusetts, as more fully set out in the attached presentation.

Very truly yours,

Florence M. Grasso

cc: Ben Childers
Christopher Libertelli
Praveen Goyal
Kathy Farroba
Eric Einhorn
Daniel Shiman
Renee Terry
Jennifer McKee
Michael Jacobs
Susan Pié, Common Carrier Bureau

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**Presentation of Covad
Communications Company on
Section 271 Application of
Verizon - Massachusetts**

October 11, 2000

DSL Is Just as Important as Voice in the 271 Calculus

- DSL is one of the fastest growing segments of the market, and the most important barometer of loop performance
 - Most Facilities-Based Voice Competition Occurs over Hot Cut Loops, Not New Loops (as with DSL)
 - UNE-P Loops Do Not Involve Central Office Wiring or Field Work as Do xDSL Loops
- Unlike voice carriers, DSL providers actively target the residential market

DSL Is Just as Important as Voice in the 271 Calculus

- The Decision Granting Bell Atlantic – New York 271 Authority While Disregarding DSL Performance Was an Anomaly, As that Decision and the Southwestern Bell 271 Decision Make Clear
- The True Measure of Whether an RBOC Has Met the Checklist Is Its Performance in Unbundling xDSL Loops
- The Absence of the 271 Carrot Hurts DSL Providers More So than Voice Providers

The Commission set the xDSL rules in the SWBT TX 271

- Commission examined only three aspects of SWBT's xDSL loop performance
 - (1) Missed installation due dates
 - On time loop delivery: SWBT retail 93.5%/CLEC 92.3% (SWBT 271 Order at para. 297)
 - Compare: VZ retail 83%/CLEC 51% (PR 3-10)
 - (2) Loop Quality
 - Trouble w/in 30 days: SWBT retail and CLEC both about 4% (SWBT 271 Order at para. 300)
 - Compare: VZ retail 3%/CLEC 8.5% (PR 6-01)
 - (3) Maintenance and Repair
 - Average time to repair: SWBT retail 24.8 hours/CLEC 3.22 hours (SWBT 271 Order at para. 304 n. 846)
 - Compare: VZ retail 25 hours/CLEC 45 hours (MR 4-01)

xDSL Loop Performance Is Out of Parity

- Verizon's Own Data Shows a Lack of Parity:
 - Only 51% of xDSL Loops Are Delivered Within the 6-Day Interval (PR 3-10)
 - Verizon retail delivers 83% of loops within 6 days
 - We only have data for July because this metric is new; there is no telling how bad Verizon's performance was in May or June
 - Verizon Claims This Data Includes Loops for Which a Manual Loop Qualification Has Been Requested
 - Covad mechanically pre-qualifies all of its loop orders and subsequently requests manual qualification on only 15% of orders due to the failure of the mechanized process
 - Moreover, Verizon has not presented any evidence in this regard

xDSL Loop Performance Is Out of Parity

- Verizon Has Steadily Reduced the *Average Interval Completed* for Its Own Dispatched 2-Wire xDSL Loops, But Has Hardly Improved Performance on that Metric for CLECs (PR 2-02)
 - Verizon reduced the average interval completed for its own services from 12.14 days in April of this year to 5.93 days in July
 - Verizon's showed much less improvement for CLECs: the average interval offered to CLECs of 7.80 days in April was still 7.14 days in July
 - Thus, the trend of the data shows Verizon to be moving even further out of parity
 - Verizon mistakenly claims that "retail DSL orders are not a good analogue for unbundled DSL loops" because the latter require a dispatch
 - PR 2-02 is the metric for *dispatched* retail/wholesale xDSL loops

xDSL Loop Performance Is Out of Parity

- Verizon's Data on Completed xDSL Loops (95% on-time performance for June & July 2000) Includes Loops That Do Not Work:
 - Verizon admits that 44% of installed loops reported as "troubles" were non-working loops (*see* tr. 2552 (Maguire))
 - The rate for troubles reported within 30 days of loop installation was almost three times as high for CLECs in July as it was for Verizon (PR 6-01)

xDSL Loop Performance Is Out of Parity

- CLEC Customers Wait Almost Twice As Long for Verizon to Repair Troubles in 2-Wire xDSL Loops than Do Verizon's Customers
 - The Data for July Shows that the Mean Time to Repair for CLECs was 45.37 Hours, While for Verizon Customers It Was 24.93 Hours (MR 4-01)
 - In Other Words, CLECs Customers Typically Wait an Extra Day to Have Their Loops Repaired
 - Contrary to Verizon's Claim, No Access Trouble Tickets Should Improve Its Reported Performance
 - Verizon Improperly Seeks Access to Customer Premises in Many Cases

Strike Data for Verizon Is Unreliable

- Verizon's Metrics Data Gathered in August or September Has Been Tainted by the Strike
 - During the Strike, Verizon Assigned a Due Date of 12/31/00 to All CLEC Orders
 - Accordingly, the Most Recent Data on Which Verizon's Application Relies Is for July
 - The Commission Should Oppose Any Attempt of Verizon to Rely upon Data from August, September, or October Because Verizon Does Not Expect to Eliminate the Backlogged Orders until October 9, 2000
 - The Commission Should Review At Least One Quarter of Data Before It Approves a Verizon - MA 271 Application

Line Sharing

- Background
 - Verizon Agreed to a Deployment Schedule for Its Foot Print in the NY DSL Collaborative
 - Verizon Originally Committed to Completing the Installation of Splitters in MA for Covad on July 13, 2000
 - Verizon Subsequently Revised that Date to August 5, 2000
 - Verizon Missed Each of These Deadlines

Line Sharing

- Verizon Currently Has Completed Installing Splitters for 40 of 55 Central Offices that Covad Requested in MA
- Covad Cannot Offer Line Sharing Services in MA Until All of Its Central Offices Are Complete
 - Covad's ISP Partners Cannot Market Line Sharing Services Granularly on a Central Office by Central Office Basis
- The Delays in Installing Splitters Are Attributable to Verizon
 - Verizon Failed to Request the Splitters from Covad in a Timely Manner
 - Verizon Experienced the Strike and Claims to Have Experienced Ironwork, Cabling and Equipment Problems
 - Verizon Has Never Explained Why It Could Not Meet Its Own Deadlines for Completing Particular Central Offices

The Performance Assurance Plan

- The MA PAP Is Substantively Identical to the NY PAP
- Neither PAP Gives Much Coverage to DSL UNEs Compared to Voice UNEs
- In NY, Covad Has Received Only About \$28,000, Despite the Fact that Verizon's Performance Has Been Poor

Verizon's OSS Problems

- Covad Has Experienced Substantial GUI Outages
 - During the Months of May, June and July, Covad Experienced Total GUI Downtime of 2780 Hours for Verizon - North
 - In Dollars, This Downtime Resulted in Covad Losing \$169,580

Verizon's OSS Problems

- EDI Implementation with Verizon Has Been Extremely Difficult
 - Verizon Was One of the First ILECs with Which Covad Started the EDI Implementation Process More than a Year Ago
 - Yet, Because of Verizon's Software Problems, Covad Still Does Not Have EDI Up and Running in Verizon Territory (Covad Hopes to Do So Soon)
 - By Contrast, Covad Has a Reasonably Mature EDI Interface that Has Been Running in PacBell Territory for Almost One Year

Collocation Power Charges

- Why DC Power Costs So Much in MA
 - The Rates Are Extremely High
 - Verizon's Rates Are Easily Three Times As High As Those of Other RBOCs
 - Verizon Charges for Fused, Not Drained, Amps in MA
 - FCC Tariffs Do Not Adopt This Practice, But Covad Cannot Order Cageless Collocation Under Them